

Before the
Federal Communications Commission (FCC)
Washington, D.C. 20554

In the matter of)	
Consumer Information and Disclosure)	CG Docket No. 09-158
Truth-in Billing Format)	CC Docket No. 98-170
IP-Enabled Services)	WC Docket No. 04-36

Initial Comments of the
Citizens Utility Board (CUB)

Filed Oct. 13, 2009

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Introduction

The Citizens Utility Board (CUB) thanks the Federal Communications (FCC) for the opportunity to present comments on the state of consumer information and Truth-in-Billing rules in the telecommunications industry. As the Commission notes, it has been more than a decade since the agency first began to consider consumers' needs for "Truth in Billing" for telecommunications services—and what a decade it's been. Since that time, the country has seen not only an explosion of new telecommunications technologies and services, but an explosion of new ways to confuse and befuddle even the most savvy consumer.

As Illinois' premier utility consumer advocacy organization, CUB has first-hand knowledge of the problems consumers face when trying to navigate the telecommunications industry. We operate a four-person Phone Savings Hotline dedicated to helping consumers choose the right local and long-distance calling plans and another three-person hotline that handles calls from consumers distraught over billing and service problems, many of them with telecommunications companies.

We conduct regular community Phone Bill Clinics, in which our staff analyzes individual consumers' phone bills, going over them line-by-line to identify unnecessary services and recommend the best, most cost-effective calling plans. And our award-winning website offers popular online tools that show consumers how to cut their landline phone and wireless bills.

How difficult is it for the average consumer to understand their bills and make the right choice in the telecommunications marketplace? According to data gleamed from CUB's Phone Savings Center, as well as our online tools, the average Illinois consumer is overpaying on local, long-distance and wireless bills by more than \$500 a year.¹ The only explanation for such waste is that consumers lack clear, concise and readily available information to help them be smart shoppers of telecommunications service.

CUB has gone on the offensive to ensure that consumers realize the enormous potential to save money on their bills and we strongly recommend the Commission do so as well. We have negotiated new calling plans with telecommunications carries. We have leveraged our brand to help consumers find the lowest-priced long distance service—at no financial benefit to CUB—emulating a "Good Housekeeping" seal of approval model. We have created on-line tools to allow consumers to analyze their own home phone and cell phone bills. And, we are taking this message to the public on a daily basis, through public service announcements, advertising, press conferences, an extensive email network, our website and as many face-to-face contacts with consumers as possible.

¹ See *"The Right Call: a \$1.5 billion Economic Stimulus Plan for Illinois," Feb. 2009*, and *"Surviving the Cell Phone Jungle," Aug. 2009*, prepared by the Citizens Utility Board (CUB) and attached to these comments.

In the following comments, we will identify ways in which the Commission could adopt this model, and other regulatory strategies, to help make the telecommunications marketplace more consumer friendly.

The Problem: Customer Confusion Leads to Higher Bills

CUB operates a Phone-Savings Hotline and several web-based tools that, in the last two years alone, have analyzed over 55,000 individual local, long-distance and wireless phone bills. The data captured from these tools paints a picture of consumers who are dazed and confused when it comes to making smart choices about their telecommunications services.

For example, data from our online Local Phone Cost Cutter, which, as the name says, analyzes local, landline bills, shows that the average user could save \$187.15 a year by choosing a better local calling plan and eliminating unnecessary vertical features, like inside wire maintenance insurance plans.² Data from the CUB Cellphone Saver show similar results. By scaling back calling plans and eliminating unnecessary, extra features and services, the average user could save \$331 a year on wireless bills, for a combined total of more than \$500 a year in savings.

The best part is that these savings can be achieved without sacrificing service. Data from both tools show that consumers generally lack a clear understanding of what their actual usage is and they have a difficult time finding the right calling plan—whether local, long-distance or wireless—to match that usage. They are paying for vast amounts of unused minutes and phone calls and services and features they don't want or need.

For example, data collected by CUB's Cellphone Saver show that the tool's users are paying for an average of 439 wasted wireless minutes a month. That represents 46 percent of all paid minutes. The vast majority of users also are paying for unused text messaging, with an average of 386, or 65 percent, unused messages a month. And, more than half of Cellphone Saver users who were overpaying wasted an average of \$10.64 a month on pricey extras, like phone insurance plans, expensive 411 calls and unnecessary features, such as "roadside assistance," which often get bundled into packages.

While consumers of all ages and income levels are plagued by these problems, in CUB's experience, seniors are particularly susceptible to the often misleading and confusing marketing of telecommunications carriers and they are paying far too much for phone service because of it. Many seniors have a difficult time understanding and taking advantage of new telephone technology—they long for the good old days when one call to Ma-Bell took care of all their telephone-related needs. The fact that as many as a million consumers nationwide—almost exclusively seniors—still rent their telephones is clear evidence of this.

² *The tool analyzes local, residential bills of AT&T, Illinois' largest landline phone company with over 2.3 million residential lines in the state.*

CUB's Proposed Solutions

CUB offers the following recommendations of actions the Commission can take to address the needs of consumers for better, more helpful information from their telecommunications carriers. It is CUB's opinion that the Commission's existing Truth-in-Billing rules and any consumer information-related rules that might develop from this proceeding should be applied to broadband Internet service, Voice Over Internet Protocol (VOIP) service and subscription video services.

Require phone companies to offer uniform, "plain vanilla" calling plans.

As the CUB reports discussed earlier show, consumers have difficulty choosing calling plans that match their household's needs. One reason is that the "perfect" plan often doesn't exist, especially for low-volume consumers. To address this problem, CUB recommends that all companies providing local phone service be required to offer at least four standard, basic calling plans—often referred to as "plain vanilla" plans. CUB believes the following usage and features combinations would be reasonable:

- 1) Up to 50 calls a month, with no special calling features.
- 2) 51 to 200 calls a month, with no special calling features.
- 3) Unlimited calling with no special calling features
- 4) Unlimited calling with the choice of two special calling features.

The Commission also should require that these uniform plans be the only ones offered to new customers when establishing service, with the provision that after the first month's bill they can opt out and choose a more expensive plan.

While CUB believes a requirement for such uniform calling plans is entirely appropriate, at a minimum, as an alternative, providers should be required to list, in a common comparison format, their best deal in each of these four categories.

Phone companies also should be required to disclose to consumers, on an annual basis, a comparison of what they pay with their current plan to what they *would have paid* had they subscribed to each of the uniform calling plans.

Require a "Schumer Box" price disclosure for all telecommunications services.

It is evident from CUB's work with thousands of Illinois consumers each year that carrier information needs to be displayed in a consistent format. It is a buyer beware market for consumers and the only way a buyer can make a sound choice is if the terms and prices of services are conveyed in a consistent format, to allow an apples-to-apples comparison among competing carriers.

We recommend that the Commission develop a standard matrix that all providers would be required to use to describe their products. Such a program is being implemented in New York to

display electric choice information and in Illinois for current natural gas and future electric choice programs.

Encourage and promote online bill analysis tools for landline and wireless service

One of the best ways for consumers to “comparison shop” for phone service—and manage their current service plan—is with the use of free online tools that provide bill comparisons among different carriers and other tips on how to save. CUB’s Cellphone Saver and Local Phone Cost Cutter provide this type of service and have shown consumers how to save over \$7 million on landline and wireless bills combined.

To encourage and ease creation of such tools the Commission should require that online bills of all landline and wireless companies be in a common, standard format that could be “read” by Internet tools.

The Commission also should contract, develop or purchase online tools like the CUB Cellphone Saver from vendors and allow private consumer groups, state consumer advocates, state regulatory agencies and other non-profits open access to the tool.

The CUB tool uses software created by a Texas-based firm, Validas, that is personalized on our website. Currently, CUB covers the costs of this service and offers it free to the public. But at high volumes of use, this would be unsustainable. Also, no single group has the ability to reach all communities and constituent groups in need of the service. An open access model, administered by the Commission, would encourage and enable a decentralized approach to communication that would maximize the tools’ reach to consumers.

Require “Bill Blocker” service as an opt out program to protect against cramming.

CUB, like the Commission, has observed a dramatic increase in the amount of cramming occurring on consumers’ phone bills in recent years. CUB recommends the require phone companies to implement “bill blocker”—a block on third-party billing that most carriers offer to customers—as an opt-out program. Under this scenario, customers would have to call their carrier to remove the bill blocker in order to authorize third party charges on their bills.

Require notification about the cost of renting telecommunications equipment.

While estimates of the number of consumers still renting their home phones vary, what is clear is that those consumers are almost exclusively senior citizens, who have wasted millions of dollars paying to rent phones they could have purchased 100 times over. A similar phenomenon is now occurring with the renting of wireless routers and modems. Many consumers, especially seniors, are technically overwhelmed by the process of getting “online” for the first time and end up renting this equipment for years, when it would have been cheaper to purchase it at the outset.

In the case of phone rentals, CUB would prefer the Commission just prohibit it outright, but we recognize the potential difficulties with that course of action. As an alternative, we recommend that the Commission require phone companies to notify consumers, at least three times a year, of the total rental fees the customer has paid versus the cost of purchasing the equipment.

Such disclosure also should include a form, to be mailed back to the company, on which customers must confirm their desire to continue the equipment rental agreement, much like tenants are asked regularly to renew their lease. If a consumer does not confirm the agreement, the company would be required to terminate it. In that event, the customer should be given the equipment, assuming the monthly rental charges have covered its cost.

Use the FCC's bargaining power to create new, low cost calling plans for consumers.

In 2007, CUB reached an agreement with AT&T that led to the creation of three new, low-cost calling plans called Consumer's Choice.³ CUB used usage data to design the plans to match consumers' calling needs and the vast majority of AT&T customers can save money by switching to one of the new plans.

After comprehensive research on national long-distance plans, CUB determined that Pioneer Telephone's Rate Buster plan offered the best deal for Illinois consumers and we gave the company our endorsement. Because we had been referring so many new customers, we were able to negotiate an automatic \$20 bill credit for any new Pioneer customer referred by CUB.

CUB believes *the Commission has even greater bargaining power* and should consider using it to create new, low-cost phone plans for consumers. At a minimum, the agency should adopt the "Good Housekeeping Seal of Approval" model and give its endorsement to phone plans that have the best rates and service.

Require notification of long-distance options to seniors and others.

Many consumers, especially seniors, are wasting money on expensive long-distance plans they never use. During consumer phone bill analyses, it is not uncommon for CUB to see a \$10 to \$12 bill that has no usage for the month. This is because most long distance plans offered by the large carriers assess a monthly service charge or a minimum monthly usage amount that gets billed even if no phone calls are made in a given month.

To address this problem, CUB recommends that the Commission require long-distance carriers to notify customers, at least three times a year that they are not required to have a pre-selected long- distance company on their bill, especially if they are not using long-distance service.

³ *The brochure detailing the Consumer's Choice plans is attached to these comments.*

Require disclosure of statistics on inside wire maintenance and phone insurance plans.

Many consumers subscribe to pricey inside wire protection plans—AT&T’s plan in Illinois costs \$7.50 a month—without really understanding the service those plans offer. Like all insurance policies, these plans carry a significant financial risk if the protection is not needed, but consumers are not given the information they need to determine whether the cost outweighs the perceived benefit.

For example, phone companies fail to tell consumers how rare inside wire problems are. In fact, industry data obtained by the Ohio Consumers Counsel found that such problems occur for the typical consumer, on average, once every 20 to 30 years.⁴ CUB has found that once consumers have that type of information, they opt to save money by canceling the plans.

To aid consumers in that decision-making process, CUB recommends that the Commission require all phone companies to disclose, at least twice a year, key statistics about the cost and usefulness of any wire protection plan. Such disclosure should include:

- 1) Usage statistics—how often subscribers use the service for which they are paying.
- 2) Outage statistics—the percentage of phone service problems that are caused by inside wire problems versus outside, network problems, which the companies are obligated to fix for free.

Phone company insurance plans contain the same type of financial risk. For example, most wireless companies offer insurance plans that cover replacement of the cell phone under certain circumstances. At a reasonable sounding price of around \$4 to \$5 a month, many consumers opt for this extra service, but it’s unwise unless the phone used is an expensive, feature-laden model.

Yet, of almost 7,000 bills analyzed by the CUB Cellphone Saver, almost half, 46.6 percent, included insurance charges that cost an average of \$5.64 a month, or almost \$68 a year.

CUB recommends that phone insurance plans be subject to the same types of disclosure as inside wire maintenance plans.

Prohibit carrier surcharges designed to appear as government-mandated fees.

In recent years, it has been all too common for carriers to levy additional surcharges and fees on consumers and to include those fees in the portion of the bill dedicated to government-mandated fees and taxes. In fact, miscellaneous fees and surcharges levied by carriers accounted for 13.4 percent of all cell-phone charges on bills analyzed by CUB’s Cellphone Saver, surpassing what our users paid in government taxes and surcharges on their bills. The most glaring example is the “Carrier Cost Recovery Fee,” which although not included as a “cost” of the phone plan, goes directly to the carriers’ bottom line.

⁴ “The Facts About Utility Line Warranties,” a publication of the Ohio Consumers Council, 2009.

CUB recommends that carriers be required to include these types of fees, if they choose to levy them, as part of the quoted price of the plan. There should be only two categories of charges on a customer's bills, the cost of the phone plan and the extra fees and taxes mandated by municipal, county, state or federal governments. This all-in-one price format will help consumers make an "apples-to-apples" comparison when shopping for telecommunications service.

Prohibit customer service calls from being used as sales opportunities.

One of the most common complaints CUB hears from consumers is about the aggressive sales tactics of phone company service representatives (CSRs). It is common knowledge that at most major carriers, the CSRs are encouraged, if not required, to upsell packages and features to customers even if they show no interest in changing their phone plan. The employees often earn bonuses and other rewards for meeting sales targets, a pay structure that leads to overly aggressive tactics and the possibility that services and features will be added to customers' bills without their approval. The Commission should prohibit this type of sales activity on the part of phone company CSRs.

Conclusion

CUB welcomes and appreciates the Commission's decision to explore whether "opportunities to protect and empower American consumers" can be found by improving consumer's access to clear and concise information about their telecommunications services. CUB was created by the Illinois legislature in 1983 to empower Illinois consumers and we've been doing just that for the last 25 years, with more than \$10 billion in savings under our belt. We look forward to working with the Commission on these issues and to providing any additional information or comments to assist the commissioners in this important endeavor.

**The Right Call:
A \$1.5 Billion Economic Stimulus Plan for Illinois**

A report prepared by the Citizens Utility Board

February, 2009

The Right Call: A \$1.5 Billion Economic Stimulus Plan for Illinois

EXECUTIVE SUMMARY

As lawmakers on Capitol Hill debate ways to jumpstart the nation's economy, consumers right here in Illinois have a potential "economic stimulus package" worth more than a billion dollars buried in their very own bloated phone bills.

Barraged by confusing and overpriced plans, aggressive sales tactics, and incomprehensible bills, most consumers find it nearly impossible to make the right choices for their phone service. As the following report details, the vast majority of Illinois consumers are overpaying and could save an average of **\$575** a year on their phone bills, without sacrificing usage or calling features.

By making simple changes to local, long-distance and wireless phone bills, Illinois consumers could save a combined total of **\$1.5 billion** in the first year alone. Annual savings after that would be **\$1.4 billion**.

Consumer savings of that magnitude would provide a significant boost to the Illinois economy, a stimulus in line with what could be expected from a **14 percent tax cut**.⁵ When consumers spend less on their fixed monthly expenses, they have more discretionary income. That extra money in their pocket, in turn, stimulates the economy, helping to create jobs and improve other economic indicators.

Highlights of the report's findings include:

- The vast majority of AT&T customers could save an average of about **\$15.60 a month, or \$187.15 a year**, by choosing a more affordable local service plan.⁶
- Illinois consumers could save an average of about **\$6.68 a month or \$80.12 a year** by switching from AT&T, Verizon or the other big name long-distance carriers to lower-priced offers, such as Pioneer Telephone's "Rate Buster" plan, which includes a CUB-negotiated one-time \$20 credit for Illinois consumers.
- Most Illinois wireless users could save an average of **\$25.69 a month, or \$308.28 a year**, by downsizing their calling plans, dropping unnecessary features, or switching providers.

⁵ \$1,515,302,012.73 is 14 percent of the FY 2008 Illinois Individual Income Tax revenues, which totaled \$11,169,401,414.

⁶ The current report does not analyze potential local savings for Verizon or other Illinois phone companies because comparable data is not available.

CUB operates an extensive, statewide phone-savings outreach program that provides consumer services not found anywhere else. In CUB's 25th anniversary year, the consumer group will expand the program, attempting to realize the **\$1.5 billion** in potential savings documented in this report. "The Right Call" campaign will include public-service announcements and a statewide tour to educate consumers about these money-saving opportunities in the phone market.

LOCAL SERVICE: AN EPIDEMIC OF HIGH PHONE BILLS

CUB conducts individual phone-bill analyses, operates a toll-free Phone Savings Hotline, **1-866-688-4282**, and provides an online phone-bill analysis tool, the Local Phone Cost-cutter. These services have been in operation for the last two years.

Through January, 27,054 customers had taken advantage of the Local Phone Cost-cutter. This service requires consumers to provide usage and price data from their local phone bills. A computer program analyzes that data and recommends ways to save. The vast majority of users, 87 percent, found ways to cut their local bills without sacrificing service.

The biggest savings were produced when customers on expensive, all-you-can-eat phone packages—plans that provide unlimited calling and a host of extra features that are rarely used—switched to one of AT&T's Consumer's Choice plans or the company's standard pay-per-call rates. Additional savings were seen by dropping unnecessary features such as "inside-wire maintenance" plans, called Line-Backer by AT&T, that cover certain telephone-wire repairs needed about once every 20 to 30 years, on average.⁷

The Consumer's Choice plans were designed by CUB to match most callers' needs. Under a 2006 legal settlement approved by the Illinois Commerce Commission (ICC), AT&T is required to offer them.⁸ Consumer's Choice Basic, at a cost of \$3.05 to \$9.50 a month depending on service area, offers 30 local calls (to places 0-15 miles from home). Consumer's Choice Extra, at a cost of \$13 to \$16 a month, provides unlimited local calls. Consumer's Choice Plus, \$16 to \$19.85 a month, provides unlimited local calls plus two calling features.

Data provided to CUB by AT&T as part of the legal settlement showed that the vast majority of consumers pay too much for phone service and could save by switching to one of the CUB-designed plans.⁹ That company-wide data is borne out by CUB's evidence gathered from consumers over the past two years.

Most consumers could save an average of **\$187.15 a year** on local service by switching to a less expensive Consumer's Choice calling plan or the company's standard rates. Since the price of

⁷ Statistic from "Telephone Line Repairs," a publication of Office of the Ohio Consumers' Counsel, Nov. 2007.

⁸ The Consumer's Choice plan prices are frozen through 2011.

⁹ Data obtained in ICC Docket # 06-0027.

phone service varies by geographic area, those savings also vary slightly depending on where customers live. Applying those savings statewide to AT&T customers produces an annual economic benefit of **\$485 million**.¹⁰ These savings numbers have the potential to be vastly greater, given the fact that this part of CUB's report—the local analysis—does not include Verizon and other state phone companies because there is no comparable data.

The data also show that the greatest savings could be found with Consumer's Choice Basic. That plan was recommended as a money-saving option about 58 percent of the time. Consumer's Choice Plus was the next most beneficial plan, recommended about 32 percent of the time. AT&T's standard pay-per-call rates and Consumer's Choice Extra were recommended about 8 percent and 1.2 percent of the time, respectively.

The value of Consumer's Choice Basic is not surprising given that the data show that users make an average of just 86 local calls a month, or less than three a day. The popularity of the Consumer's Choice Plus plan also makes sense, given that 78 percent of users opt for at least one extra calling feature. According to data from the Local Cost-Cutter, the three most popular features chosen, respectively, are Caller ID with Name, Call Waiting and Voice Mail.

Total statewide local savings: \$485,248,725.90 a year

LONG DISTANCE: WASTED POTENTIAL SAVINGS

As with local service, most consumers today pay too much for local toll and long-distance calling. Although the long-distance market has seen the most robust competition in the telecommunications industry, AT&T, with a powerful marketing operation and, thus, the most recognized brand, continues to dominate, 25 years after the break-up of "Ma Bell" opened the door for rival companies to take on the phone giant.¹¹ Despite competition, the unfortunate reality for Illinois consumers is that AT&T and other big-name companies that have a strong position in the market offer relatively high per-minute rates as well as fixed monthly charges, which customers pay even if they don't make any calls.

However, CUB's ongoing review of the long-distance industry uncovered one of the best deals in the country. Pioneer Telephone's "Rate Buster" plan offers per-minute rates of 1.9 to 2.7 cents

¹⁰ Annual savings \$187.15 applied to 87 percent of AT&T's 2,377,882 residential customers, from ARMIS Report, 43-08, and 602,386 Chicago-area CLEC customers, from the Illinois Commerce Commission's 2007 Telephone Competition Report, Table C2.

¹¹ FCC Trends in Telephone Service 2008, Table 9.5.

per minute with no monthly fee for online billing.¹² Compare that with one of AT&T's cheapest plans, "One Rate Nationwide," which even in the most conservative scenario would charge nearly three times the amount Pioneer would for 60 minutes of long-distance calls in a month.¹³ It is clear that consumers could reap significant savings by switching to other, more affordable long-distance carriers, such as Pioneer.

Based on average usage and price data from the Federal Communications Commission (FCC) Trends in Telephone Service and Statistics of Common Carriers reports, consumers could save an average of **\$27.18 a year** on in-state long-distance calling (to Illinois locations more than 15 miles from home) and **\$32.94 a year** on inter-state calling. That means total savings of **\$60.12** a year by switching to Pioneer Telephone. In addition, CUB in 2008 negotiated a \$20 one-time credit for all Illinois customers, boosting the first-year savings of the service change to **\$80.12**.¹⁴

Applying those savings statewide produces an economic benefit of **\$319.7 million**¹⁵ in the first year—due to the CUB-negotiated credit—and after that an annual economic benefit of **\$239.9 million**.¹⁶

Total statewide long-distance savings: \$319,700,572.73

WIRELESS: BILLS SIGNIFICANTLY INFLATED

In August, CUB became the first nonprofit consumer group in the nation to launch a free online tool that automatically analyzes wireless bills of the five biggest carriers: AT&T, Sprint, T-Mobile, U.S. Cellular, and Verizon.¹⁷ CUB's "Cellphone Saver," www.CitizensUtilityBoard.org, allows visitors to upload a copy of their online wireless bill and within seconds view a detailed analysis of how that bill could be cut. Using state-of-the-art software from a Houston, Texas company called Validas, Inc., the online tool "reads" the bill, simultaneously searching for more economical calling plans and spotting unnecessary services, such as insurance or "roadside assistance," that customers pay for but may not need.

¹² Pioneer, based in Portland, Maine, charges a 1.9 cents a minute in-state rate and a 2.7 cents a minute interstate rate. Consumers not living in AT&T or Verizon territories pay 3.3-4.9 cents per minute. The 99-cent "paper-bill fee" applies only in months when customers use less than \$15 worth of service.

¹³ AT&T's One Rate Nationwide" charges 5 cents per minute, with a \$4 monthly fee.

¹⁴ CUB receives no benefit, financial or other, from the \$20 credit it negotiated with Pioneer Telephone.

¹⁵ Annual savings of \$80.12 applied to Illinois' total access lines of 3,990,035, from ICC's 2007 Telecom Competition Report, Table C2.

¹⁶ Total statewide savings after the first year do not include \$79,800,700 from the Pioneer credit.

¹⁷ Since then, the tool has been expanded to analyze Nextel bill formats still in use after that company's merger with Sprint. A small sample of those bills are included as part of this review.

In roughly the first five months of operation (mid-August to mid-January), the CUB Cellphone Saver analyzed 5,140 wireless bills, which averaged about two lines per bill and cost \$127.74 a month. It found that the vast majority of users, 77 percent, could save money by switching cell-phone plans and/or cutting unnecessary services. Of the 3,949 bills for which the CUB Cellphone Saver was able to recommend savings, consumers were overpaying by an astounding **\$25.69 per month, or \$308.28 per year**. All told, the Cellphone Saver uncovered **\$101,449.81** in overcharges. Applying those savings to wireless customers across Illinois produced a total economic benefit of **\$710,352,714.11**.

¹⁸

However, those savings could be even greater if consumers were able to choose plans that actually fit their calling needs. The CUB Cellphone Saver found that bills were burdened with an average of about **420 unused peak minutes** each month.¹⁹ That's about seven hours—nearly an entire workday—of wasted talk time. Sadly, it appears that wireless customers generally are herded onto pricey plans that force them to pay big bills for a vast amount of calling time they don't actually use.

Total statewide savings: \$710,352,714.11

CONCLUSION: ECONOMIC STIMULUS AT PHONE USERS' FINGERTIPS

Amid the worst financial crisis since the Great Depression, policy makers are debating various ways to stimulate the economy, including tax cuts and increased government spending to create jobs.

However, with much less effort and at no cost, Illinois consumers could spark their own economic stimulus by making the simple phone changes—without sacrificing service—documented in this report. The potential savings of **\$1.5 billion** would provide a much-needed boost to the state's economy. When consumers spend less on fixed monthly expenses, such as phone bills, they have more money to inject into the economy by purchasing goods and services. Those expenditures stimulate the economy and could create jobs.

To put the magnitude of the potential phone savings into perspective, in 2008, the state of Illinois received a total of \$11,169,401,414²⁰ from individual state income taxes. Taking **\$1.5 billion** out of the telephone companies' pockets and putting it back in consumers hands would stimulate the economy, providing consumers with the equivalent of a **14 percent** cut in state income taxes.

¹⁸ Annual savings of \$308.28 for 77% of customers applied to total wireless households of 2,992,526, which is based on the total number of Illinois households with a landline phone and on TNS Telecoms data that showed wireless penetration of 75 percent in 2006.

¹⁹ This is the average of five out of the six wireless companies' unused peak minutes per bill. U.S. Cellular was excluded because it offers "free" incoming minutes.

²⁰ FY 2008 Illinois Individual Income Tax receipts from the Illinois Department of Revenue.

Freeing up **\$575** in cash that is normally sunk into the monthly phone bill would significantly impact individual households. For example, that amount would pay for:

- More than eight months of gas for the average Illinois driver²¹;
- Three weeks of groceries for the average family²²;
- Six months of unlimited bus and train rides on CTA and Pace²³;
- The average monthly car payment²⁴;
- Up to nine months worth of diapers²⁵;
- Nearly three years of milk and more than five years of bread²⁶;
- New tires for two automobiles²⁷;
- A 37-inch flat-panel HDTV²⁸;
- Two iPhones and an iPod Nano²⁹;

This spending power is trapped in ballooning phone bills. However, unlocking it is surprisingly simple. Just as rising energy costs have increased our awareness of making our homes more efficient—to do the same or more with less—a similar movement can make phone bills “efficient.”

²¹ Assumes the average Illinois consumer uses 412 gallons of gasoline a year, according to statistics from the Energy Efficiency and Renewable Energy website of the U.S. Department of Energy (http://apps1.eere.energy.gov/states/energy_summary.cfm/state=IL) and gas prices at \$1.87 per gallon, from the Energy Information Administration’s website (http://www.eia.doe.gov/oil_gas/petroleum/data_publications/wrgp/mogas_home_page.html) 2-2-09

²² Bureau of Labor Statistics for the average “consumer unit,” two adults, 1.9 children

²³ Monthly passes are \$86, according to www.TransitChicago.com

²⁴ Average monthly car payment is \$400, according to the National Auto Dealers Association

²⁵ www.CostHelper.com estimate that disposable diapers cost around \$60-\$85 a month, depending on the age of the infant.

²⁶ Assumes a \$4 gallon of milk and a \$2 loaf of bread used each week.

²⁷ Assumes \$65 per tire, as shown on www.DiscountTire.com

²⁸ Listed as \$549.99 on www.BestBuy.com

²⁹ Prices from www.wireless.att.com, www.apple.com for two 8 GB iPhones (\$199 each) and an 8 GB iPod (\$149)

Without sacrificing service, consumers have the opportunity to make deep cuts in their calling costs—and spark a sputtering economy—by making simple changes to their phone bills. CUB’s “Right Call Campaign” is committed to alerting consumers of the **\$1.5 billion** economic stimulus plan right at their fingertips.

TABLES

Table I: Combined Consumer Savings

Service	Annual Savings
Local	\$485,248,725.90
Long-distance	\$319,700,572.73
Wireless	\$710,352,714.11
Total:	\$1,515,302,012.74 ³⁰

Table II: Individual Consumer Savings

Service	Avg. Monthly Savings	Avg. Annual Savings
Local (for AT&T areas only)	\$15.60 ³¹	\$187.15
Long-distance (statewide)	\$6.68 ³²	\$80.12
Wireless (statewide)	\$25.69	\$308.28
Total	\$47.97	\$575.55

METHODOLOGY-LOCAL

Summary:

³⁰ First-year savings include one-time \$20 Pioneer Telephone long-distance credit. Savings after the first year would be \$1,435,501,312.73

³¹ Actually \$15.595833

³² Actually \$6.676666

CUB's policy team used data from the Federal Communications Commission (FCC), the Illinois Commerce Commission (ICC) and CUB's own phone savings tracking data to determine total potential local savings for customers living in AT&T's service region statewide. The figure could be conservative, since comparable data for Verizon and other phone companies are not available.

Components of Formula:

- A. 2,377,882 (AT&T residential lines, FCC ARMIS Paper Report 43-08, the Operating Data Report 2007).
- B. 602,386 (Competitive Local Exchange Carrier, or CLEC, customers in the Chicago area, Table C2 ICC 2007 Telecom Competition Report).
- C. 87 percent (The percent of visitors to CUB's Local Phone Cost-cutter who learned how to cut their bills.)
- D. \$187.15 (Average savings for visitors to CUB's Local Phone Cost-cutter who learned how to cut their bills.)
- E. \$485,248,725.90 (Total Potential Local Savings)

Formula Used:

$$(A + B) * (C) * (D) = E$$

METHODOLOGY-LONG DISTANCE

Summary:

CUB's policy team used available Federal Communications Commission (FCC) data tables to determine total potential long-distance savings for customers across Illinois, comparing average instate and interstate long-distance rates and Pioneer Telephone's "Rate Buster" plan, which comes with an automatic \$20 credit.

Components of Formula for Instate Long-distance Savings:

- A. 30,881,351,289 (Total national instate long-distance calls, taken from FCC Trends In Telephone Service 2008, Table 10.2, converted to instate and interstate using call-distribution data from Table 14.1).
- B. 25 percent (Percentage of national call revenue that comes from residential customers, FCC Trends in Telephone Service 2008, Table 9.3)

- C. $(A) * (B) = 7,720,337,822$ (Share of national instate long-distance calls that are residential.)
- D. 40,917,790,458 (Total national instate residential long-distance minutes, average call duration of 5.3 minutes from FCC Trends in Telephone Service 2008, Table 14.3 multiplied by (C))
- E. 3.5 percent (Illinois' percentage share of total network access revenues, FCC Statistics of Common Carriers 2005/2006, Table 2.11)
- F. 1,442,579,135 (Illinois' share of residential instate long-distance minutes, $(D) * (E)$)
- G. \$.094182749 (Average price per minute, based on the residential share (B) of revenues from FCC Trends in Telephone Service 2008, Table 9.2 divided by (D))
- H. \$.019 (Pioneer Telephone's "Rate Buster" plan's instate per-minute rate)
- I. \$108,457,065.42 (Total potential instate long-distance savings)

Formulas Used:

$$(A) * (B) = C$$

$$(C) * (5.3 \text{ minutes}) = D$$

$$(D) * (E) = F$$

$$(F) * (G - H) = I$$

Components of Formula for Interstate Long-distance Savings:

- A. 42,184,573,711 (Total national interstate long-distance calls, taken from FCC Trends in Telephone Service 2008, Table 10.2, converted to instate and interstate using call-distribution data from Table 14.1).
- B. 25 percent (Percentage of national call revenues that come from residential customers, FCC Trends in Telephone Service 2008, Table 9.3)
- C. $(A) * (B) = 10,546,143,428$ (Share of national interstate long-distance calls that are residential.)
- D. 94,915,290,850 (Total national residential interstate long-distance minutes, average call duration of 9 minutes, FCC Trends in Telephone Service 2008, Table 14.3 multiplied by (C))
- E. 3.5 percent (Illinois' percentage share of total network access service revenues, FCC Statistics of Common Carriers 2005/2006, Table 2.11)

- F. 3,346,290,614 (Illinois' share of residential interstate long-distance minutes)
- G. \$.066280153 (Average price per minute, based on the residential share (B) of revenues from FCC Trends in Telephone Service 2008, Table 9.2/divided by (D))
- H. \$.027 (Pioneer Telephone's "Rate Buster" plan's interstate per-minute rate)
- I. \$131,442,807.31 (Total potential interstate long-distance savings)

Formulas Used:

$$(A)*(B) = C$$

$$(C) *(9 \text{ minutes}) = D$$

$$(D) * (E) = F$$

$$(F) * (G - H) = I$$

Components of Formula for Pioneer Telephone's \$20 Credit:

- A. 3,990,035 (Total "Local Exchange Carrier" customers in Illinois, Table C2 ICC 2007 Telecom Competition Report)
- B. \$20 (One-time Pioneer Telephone credit)
- C. \$79,800,700 (Total potential credit)

Formula Used:

$$(A)*(B) = C$$

NOTE: The sum of instate long-distance savings, interstate long-distance savings, and the one-time Pioneer credit is "Total Potential Long-distance Savings" in the first year. Following years did not include the credit from Pioneer.

METHODOLOGY-WIRELESS

Summary:

CUB's policy team used Illinois Commerce Commission (ICC) and national data combined with the per-year savings figure gathered by the CUB Cellphone Saver to determine total potential wireless savings for customers across Illinois.

Components of Formula:

- A. 3,990,035 (Total "Local Exchange Carrier" customers in Illinois, Table C2 ICC 2007 Telecom Competition Report) .
- B. 75 percent (Percent of households with cell phones, TNS Telecoms, 2006)
- C. 77 percent (Percent of customers who have learned how to save money through the CUB Cellphone Saver)
- D. \$308.28 (Average savings for visitors to CUB Cellphone Saver who learned how to cut their bills.)
- E. \$710,352,714.10 (Total Potential Local Savings)

Formula Used:

$$(A) * (B) * (C) * (D) = E$$

Surviving the Cell-phone Jungle: Simple Steps to Rein in Wireless Costs

A report prepared by the Citizens Utility Board (CUB)
August, 2009

Introduction

Unlimited calling plans, text plans, roaming charges, early termination fees. Cell-phone bills are confusing and it's hard for the average consumer to choose the right plan and make sense of the monthly cell-phone bill.

As a result, according to a new online tool that analyzes wireless bills, Illinois consumers are paying too much for their cell-phone service and could save hundreds of dollars a year by scaling back unused minutes and eliminating unnecessary, and often unwanted, extra features and services.

The Citizens Utility Board (CUB) launched the online tool, dubbed the CUB Cellphone Saver, in 2008 to help consumers take the guesswork out of choosing the right cell-phone package. The tool, the first of its kind in the nation, uses software developed by a Houston, Texas-based company called Validas, Inc.,³³ to automatically analyze wireless bills of the five biggest carriers: AT&T, Sprint, T-Mobile, U.S. Cellular, and Verizon.³⁴

The free web tool allows visitors to upload a copy of their online wireless bill and within seconds view a detailed analysis of how that bill could be cut. The Cellphone Saver compares the user's current bill to the dozens of plans available from other carriers and the customer's own company and provides a detailed report of how the bill can be trimmed.

The Cellphone Saver provides consumers with objective, independent advice they can't find any place else. But it also provides invaluable data about how consumers use—or don't use—their wireless service.

The following report details the findings of a comprehensive review of nearly 7,000 wireless bills, the first review of its kind in the state done by a consumer group. According to that review, the vast majority of Cellphone Saver users could save money, over \$300 a year, by switching phone plans and/or eliminating extra, and often unnecessary, features and services on their wireless bills.

Summary of Findings

Data collected by the CUB Cellphone Saver paints a picture of consumers burdened by bloated calling plans and costly "extras" on their monthly cell-phone bills.

In the first 11 months of operation, the CUB Cellphone Saver analyzed 6,985 wireless bills and found that the vast majority of them, **73.4 percent**, could save money by switching plans or carriers and/or cutting unnecessary, extra features. The study found the average user could save **\$331 a year—or \$662 over the typical two-year cell-phone contract**.

Applying those savings statewide would produce a total of **\$727,749,046**³⁵ in savings for Illinois consumers.

³³ CUB has no affiliation with and receives no financial compensation from Validas. CUB is not affiliated with any wireless carrier.

³⁴ Since the launch of the tool, a small sample of Nextel bills, which merged with Sprint, has been included.

³⁵ Annual savings of \$331.32 applied to 73.4 percent of total wireless households of 2,992,526. Total wireless households is based on the total number of Illinois households with a landline phone and on TNS Telecoms data that showed wireless penetration of 75 percent in 2006.

An analysis of other data collected by the Cellphone Saver shows:

- Of the bills for which the CUB Cellphone Saver was able to recommend savings, the average consumer was overpaying by an astounding **\$27.61 per month, or \$331.32 per year.**
- The majority of bills analyzed included unused, paid minutes, with the average user wasting 439 minutes a month, or 46 percent of paid minutes. That's almost seven and a half hours—an entire workday of wasted minutes, and the equivalent of a phone conversation lasting longer than a flight from Chicago to Reykjavik, Iceland.³⁶
- The vast majority of bills with text messaging plans had consumers paying for unused messages, at an average of 386, or 65 percent, unused text messages a month.
- More than half of the Cellphone Saver users who were overpaying wasted an average of \$10.64 a month on pricey extras, like phone insurance plans, expensive 411 calls and unnecessary features, such as “roadside assistance,” which often get bundled into packages.
- Miscellaneous fees and surcharges levied by carriers accounted for 13.4 percent of cell-phone charges, surpassing what Cellphone Saver users paid in government taxes and fees on their bills.

With the economy struggling and the cost of basic necessities like housing, food and gasoline on the rise, it's more important than ever that consumers take steps to rein in the monthly costs over which they have control. As the following report shows, Illinois consumers could be wasting more than \$700 million a year on their wireless bills, but by following a few simple steps, the monthly cell-phone bill doesn't have to break the bank.

CUB Cellphone Saver to the Rescue

CUB launched the Cellphone Saver in 2008 to help consumers understand and find ways to save on their wireless bills. In its first 11 months of operation, the tool analyzed 6,985 cell-phone bills, with a total of 15,994 lines and just under \$1 million in charges.³⁷ The average user's bill had 2.3 lines and cost \$130 a month.

Cellphone Saver users made or received a total of 3,266,392 calls and used a combined total of 11,212,393 minutes, with the average call lasting 3.4 minutes. The average user made or received about 468 calls a month and used 1,605³⁸ minutes. Cellphone Saver users made or received an average of 793 text messages a month.

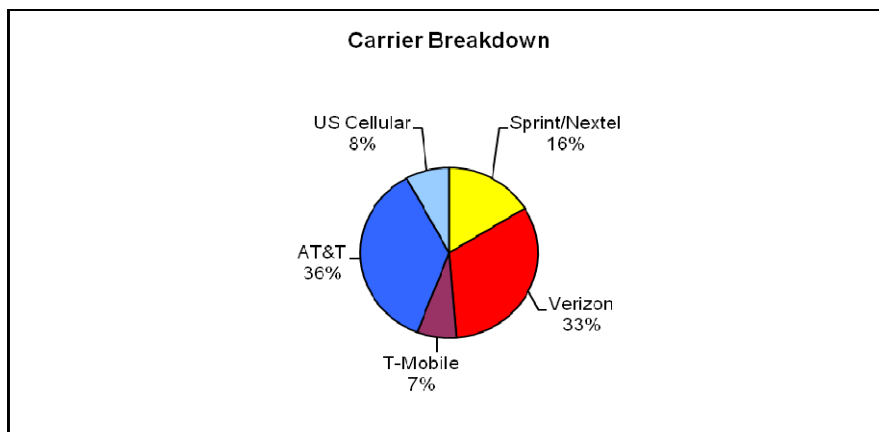
³⁶ Source: www.HowManyHours.com, assuming an average flight speed of 500 mph for a commercial airliner.

³⁷ A “soft launch,” or testing phase, began in June, 2008, with the final, public launch of the tool in August, 2008. Data reported is for the period June 2008 through April 2009.

³⁸ The per-line average was about 698 minutes.

As Table 1 shows, a majority of the lines analyzed by the Cellphone Saver, 69 percent, were from AT&T and Verizon. The remaining carriers, Sprint/Nextel, U.S. Cellular and T-Mobile represented 16 percent, 8 percent and 7 percent, respectively, of lines analyzed.

Table 1—Current Carrier Breakdown



Along with recommending ways to save, the Cellphone Saver also provides valuable information—data until today available only to the wireless industry—about how consumers use their wireless service and what they actually pay for on their cell-phone calls.

For example, as Table 2 illustrates, data from the Cellphone Saver show that voice charges, as would be expected, represent the largest cost on cell-phone bills, roughly 61 percent of total charges, while messaging and data charges each account for about 6 to 7 percent of charges.

While government taxes and surcharges, such as the federal Universal Service Fee, account for 9.64 percent of the total Cellphone Saver charges, miscellaneous carrier surcharges and fees account for a whopping **13.44 percent** of charges. These fees include things like termination and activation fees; equipment, shipping and accessories charges; services like navigation and roadside assistance, which customers may or may not actually use; international roaming and walkie-talkie service; and bogus surcharges such as “administrative” charges, which carriers levy simply to boost profits.

Table 2—Usage and Cost Profile

Charge Category	Total Bill Amounts	% of Total
Voice Charges	\$552,813.71	60.88 %
Data Charges	\$54,564.97	6.00 %

Messaging Charges	\$61,789.72	6.80 %
Directory Assistance, Insurance and Late Fees	\$29,278.40	3.22 %
Carrier Surcharges	\$24,856.04	2.74 %
Govt. Taxes and Surcharges	\$87,556.92	9.64 %
Misc. Carrier Fees ³⁹	\$97,201.24	10.70 %
Total Bill	\$908,061.00	100.00 %

The Key to Wireless Savings: Don't Pay for What You Don't Use

During the 11-month period studied, the Cellphone Saver identified savings totaling \$141,630.77 or \$27.61 a month, for 73.4 percent of users. Those recommended savings totaled an average of **\$331.32 a year, or \$662 over the typical two-year term of a wireless contract.**

The bulk of those savings resulted from the tool recommending the user switch to a new, less expensive plan with the current carrier or switch to a new company. The Cellphone Saver identified a total of \$67,373.65 that could be slashed from bills by changing voice plans and a total of \$54,557.32 that could be saved by following “tips” the tool gives to eliminate extra, unnecessary or unused features and services.

The Cellphone Saver recommended an additional \$16,267.15 in savings from switching text messaging plans and another \$3,432.65 in savings from switching data plans, which allow customers to access the Internet through their cell phones.

These overcharges occur primarily because consumers are paying for vast amounts of minutes and messages they don't need and don't use. According to the Cellphone Saver data, consumers paid for an average of 439 minutes—or 46 percent of their allotted, paid minutes—that go unused each month. That represents seven hours and 19 minutes of talk time—almost an entire workday of wasted minutes.

Messaging plans fared even worse among Cellphone Saver users, with an average of 386, or 65 percent, of paid, allotted messages left unused at the end of the month. In fact, the Cellphone Saver found that for a majority of its users, the best messaging plan was no plan at all. Instead, paying separately for each text message was the most economical option. Of course, some users in the sample had extremely high message usage and are better off with a messaging plan.

It's clear from this data that consumers have great difficulty accurately predicting their cell-phone usage, and wireless companies take advantage of that confusion by herding customers onto overpriced plans that don't match their calling needs. Confusion, along with fear of oppressive, per-minute overage fees for using more than a plan's allotted minutes, likely keep consumers tied to these bloated packages. ⁴⁰

³⁹ Includes other miscellaneous carrier charges such as activation charges, account restore charges, termination fees, equipment and shipping charges, accessories, and other charges such as “roadside assistance.”

⁴⁰ Overage fees vary by carrier but can run about 40-50 cents per minute for usage beyond the plan's allotted minutes.

However, hefty overage fees are not a big concern for most Cellphone Saver users. Just 9.3 percent of users paid any overage charges at all. While it’s true that charges for exceeding a plan’s allotted minutes can be huge—the few overage charges identified in the study averaged \$40 a month—they pale in comparison to the huge sums of money being wasted by consumers each year on unused minutes.

Table 3—Unused Minutes/Messages ⁴¹

Voice Plans	Minutes	Avg. Per Bill
Allotted, paid minutes	4,400,306	956
Minutes Used	2,378,372	517
Unused Minutes	2,022,011	439
Percentage Unused		45.9 %
Messaging Plans		
Allotted, paid messages	909,337	598
Messages Used	322,430	212
Unused Messages	586,907	386
Percentage Unused		64.5 %

Eliminating the “Extras” Adds Up

Scaling back large, unlimited calling plans is the best way to immediately cut cell-phone costs, but identifying and eliminating the “extras” on bills can also make a big difference. The Cellphone Saver has the unique ability to identify unnecessary services and features on bills and spot potential errors or miscalculations by cell-phone providers.

Of 5,129 bills for which the CUB Cellphone Saver identified savings, more than half were burdened with extra, potentially unnecessary services and features that could be eliminated, for a total savings of \$54,557.32. That’s an average of \$10.64 for every bill with savings. These “extras” included services the customer may have signed up for and used—in which case the tool recommends alternatives to avoid the costs in the future—as well as services consumers don’t use but may get erroneously billed for.

For example, most wireless companies offer insurance plans that cover replacement of the cell phone under certain circumstances. At a reasonable sounding price of around \$4 to \$5 a month,

⁴¹ Represents 4,605 bills with unused minutes (81.5 percent of bills that had paid minutes) and 1,522 bills with unused text messages (85.5 percent of bills with messaging plans). The actual numbers could be even higher. These are conservative estimates that leave out unlimited plans to prevent exaggerated results.

many consumers opt for this extra service, but it's unwise unless the phone used is an expensive, feature-laden model. Since most phone insurance plans contain numerous exclusions, it's often difficult for users to take advantage of the benefits if something happens to the phone.

Yet, of the 6,985 bills analyzed by the Cellphone Saver, almost half, 46.6 percent, included insurance charges that cost an average of \$5.64 a month. Cutting that service alone would save Cellphone Saver users, on average, almost \$68 a year.

Using 411 on a cell phone is another bad idea—it's also a bad idea on the landline—but 23.4 percent of Cellphone Saver users made 411 calls, with charges averaging \$3.89 per bill. The average price of a 411 call was \$1.54 per call. CUB and the Cellphone Saver's advice: Use any of the free directory assistance services, such as 1-800 FREE 411, 1-800-GOOG-411 or 1-800-Info-Fast, on both the cell and home phone, instead of falling for this expensive service.

Other "extra" charges the tool can identify, include "roadside assistance," a service through which consumers get help if their car breaks down; text charges on wireless cards; voice overages and roaming charges that can be eliminated by switching plans; navigation charges; and charges for downloading premium content, solicited or unsolicited, off the Internet.

Table 4—Recommended Savings

Recommended Savings	Total Annual Savings	% of Total Savings
Voice Plan Savings	\$67,373.65	47.6 %
Data Plan Savings	\$3,432.65	2.4 %
Message Plan Savings	\$16,267.15	11.5 %
"Extras" Savings	\$54,557.32	38.5 %
Total	\$141,630.77 Avg. Per-bill Savings: \$331/year 73.4% of total bills	

Conclusion: It's a Jungle Out There

Consumers today have a bevy of telecommunications services from which to choose. But with that increased choice has come increased confusion. As this report clearly shows, consumers are in desperate straits when it comes to choosing the right wireless plan. Cell-phone companies have every incentive to up-sell expensive packages, loaded with extra features and services, and to design plans that confuse and befuddle the average consumer. And even the savviest customers may have difficulty finding the right size plan for their calling needs.

If the data from CUB's Cellphone Saver users is any indication, most Illinois consumers are paying too much for their wireless service and could slash hundreds of dollars a year from their bills by making a few simple changes:

- 1) Don't pay for unused minutes—choose the smallest calling plan feasible and monitor bills carefully for several months to make sure the plan fits your calling needs.
- 2) Don't pay for unused text messages—choose the smallest plan feasible and if you don't use a lot of messaging consider a pay-as-you-go plan instead of a large package of messages.
- 3) Don't pay to insure your cell phone—it's likely a waste of money and the coverage could very well be so limited as to be useless in the event you need a new phone.
- 4) NEVER dial 411 from your cell phone—instead use one of the many free 411 services, like 1-800 FREE 411 or 1-800-INFO FAST.
- 5) Be on the lookout for extra charges you may or may not have ordered—if you see something that doesn't make sense, ask your cell-phone company to remove it and credit your bill.
- 6) If your cell phone company doesn't provide a plan that matches your usage level, consider one of the new pre-paid options like Cricket, Boost or Virgin Mobile. These companies can offer better prices for some customers and they don't lock you into a lengthy contract.
- 7) Use **CUB's Cellphone Saver** periodically to make sure you don't pay a nickel more than you should with your current provider—and to help find a cheaper plan when your contract expires.

THANKS TO CUB, SAVING MONEY ON PHONE BILLS IS EASY AS 1-2-3

1: MAKE THE CONSUMER'S CHOICE FOR LOCAL SERVICE

Under a legal settlement with CUB, AT&T is required to offer three new low-cost calling plans. Called Consumer's Choice, the plans are saving Illinois phone users, on average, about \$200 a year. And, the prices for Consumer's Choice are frozen until 2011. While your other monthly costs go up, your local phone rates will be locked in.

MAKE THE CONSUMER'S CHOICE

If you don't make a lot of calls and want affordable, no-frills phone service, sign up for...

CONSUMER'S CHOICE BASIC

For basic phone service and 30 local calls a month. Additional calls are only 6 cents per call.

If you live in:	The costs:
Downtown Chicago	\$3.05
Chicago neighborhoods, near suburbs	\$6.03
Rest of Illinois	\$9.50

If you want the convenience of unlimited local calling, sign up for...

CONSUMER'S CHOICE EXTRA

For basic phone service and unlimited local calls.

If you live in:	The costs:
Downtown Chicago	\$1.0
Chicago neighborhoods, near suburbs	\$1.3
Rest of Illinois	\$1.6

If you want unlimited local calling and additional calling features, sign up for...

CONSUMER'S CHOICE PLUS

For basic phone service, unlimited local calls, and a choice of two extra features like Call Waiting or Caller ID.

If you live in:	The costs:
Downtown Chicago	\$1.6
Chicago neighborhoods, near suburbs	\$1.9
Rest of Illinois	\$19.85

Note: The Consumer's Choice plans cover only local calls, or calls within roughly 15 miles of your home.

To make the Consumer's Choice, call AT&T at 1-866-582-0713.

If you need help choosing the right plan, call CUB at 1-866-688-4282.

2: SWITCH TO PIONEER TELEPHONE FOR LONG-DISTANCE

Pioneer Telephone consistently offers the lowest rates around for long distance. Compare Pioneer's Rate Buster plan, with rates of 2 to 3 cents per minute and no monthly fee, to AT&T's rate of about 7 to 10 cents a minute, plus a \$5 monthly fee. Use Pioneer for both your LOCAL TOLL and LONG DISTANCE calls—that's all calls beyond roughly 15 miles from your home—and slash your long-distance bill.

Plus, Pioneer offers an automatic \$20 credit to customers who are referred by CUB. That's free money just for mentioning CUB's name.

WITH PIONEER, YOU GET:

- ✓ The best deal around for long-distance and local toll service.
- ✓ \$20 automatic credit.
- ✓ Choice of online or paper bill.*
- ✓ Same quality of service as AT&T.

*Pioneer charges a 99-cent "paper bill fee" in any month you make fewer than 15 worth of long-distance calls, but the \$20 credit will help offset that fee.

HOW DO I SWITCH TO PIONEER?

- ✓ Call 1-877-492-5878.
- ✓ Say you were referred by CUB and get an automatic \$20 credit on your bill.
- ✓ For details, call CUB's Phone Savings Hotline at 1-866-688-4282.

Please note: AT&T may charge you a one-time fee of as much as \$9 to change your long distance company. But the savings you'll see from switching will more than offset that charge.

PIONEER RATE BUSTER PLAN

CALLS TO OTHER STATES 2.7 CENTS/MIN.

CALLS WITHIN ILLINOIS 1.9 CENTS/MIN.



3: DROP EXPENSIVE, UNNECESSARY FEATURES

Line Backer

Ever wonder what you get for that \$6.99 a month Linebacker charge? Not much. Linebacker is an expensive, completely OPTIONAL insurance plan for the phone wires inside your home. A lot of people pay it each month, but very few ever use the service. That's because problems with your inside phone wires are extremely rare—occurring on average only once about every 20 to 30 years. Drop Line Backer and save \$64 a year.

411 Service

With rates as high as \$2 a call, using those three magical numbers can cost you plenty. Instead, get in the habit of using several free directory assistance services, such as 1-800-FREE411 and 1-800-YellowPages for residential listings. For business listings, try 1-800-going411 or 1-800-555-Tell. They're a lot like traditional 411—except completely free—and, by most accounts, just as good.

Voice Mail

AT&T's basic Voice Mail service costs around \$10 a month, but that's just the beginning. You also pay a per-minute charge for every message left in your voice mail box and every call to retrieve your messages. Instead, use an answering machine or ask friends and family to leave messages on your cell phone—if you have one. Most wireless plans include free voice mail, so use your cell phone to ring up savings at home.

YES! I WANT TO SAVE MONEY ON MY PHONE BILL.

- ☐ Check here if you would like a free phone bill analysis to see how you can save. One of our phone-saving specialists will call you.
- ☐ Send me more information about the Consumer's Choice plans.

Feel free to pass this information on to your friends and family.

NAME _____

ADDRESS _____

CITY _____ STATE _____ ZIP CODE _____

PHONE _____ FAX _____